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TRANSMITTAL OF APPEAL BRIEF (Large Entity)

Docket No.  
HARTFORD-3

In Re Application Of: Marcia Rojewski

| Application No. | Filing Date | Examiner     | Customer No. | Group Art Unit | Confirmation No. |
|-----------------|-------------|--------------|--------------|----------------|------------------|
| 09/676,391      | 09/29/2000  | Vanel Frenel | 45,722       | 3626           | 1818             |

Invention: **AN IMPROVED METHOD AND SYSTEM FOR IDENTIFYING SUBROGATION POTENTIAL AND VALUING A SUBROGATION FILE**

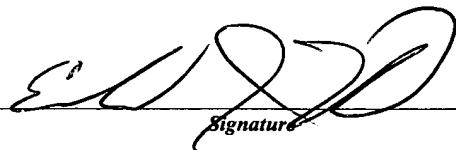
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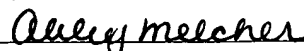
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Dated: **December 21, 2006**

I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to "Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450" [37 CFR 1.8(a)] on

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CC:



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
Before the Board of Patent Appeals and Interferences

Applicant : Marcia Rojewski  
Serial No. : 09/676,391  
Filed : September 29, 2000  
For : AN IMPROVED METHOD AND SYSTEM FOR IDENTIFYING  
SUBROGATION POTENTIAL AND VALUING A SUBROGATION  
FILE  
Examiner : Frenel, Vanel  
Art Unit : 3626

**APPEAL BRIEF**

May It Please The Honorable Board:

This is Appellants' Brief on Appeal from the final rejection of Claim 8, a Notice of Appeal having been filed on October 31, 2006. Accordingly, this Appeal Brief is timely filed and no fees are, therefore, believed to be due. Appellants waive an Oral Hearing for this appeal.

Please charge any additional fee or credit overpayment to the Deposit Account No. 50-3208. A single copy of the Brief has been enclosed.

12/27/2006 DEMMANU1 00000086 503208 09676391

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**I. REAL PARTY IN INTEREST**

The real party in interest of Application Serial No. 09/676,391 is the assignee of record:

THE HARTFORD FIRE INSURANCE COMPANY

Hartford Plaza

Hartford, Connecticut 06115

**II. RELATED APPEALS AND INTERFERENCES**

There are currently, and have been, no other related Appeals or Interferences regarding the subject application known to the undersigned attorney.

**III. STATUS OF THE CLAIMS**

Claims 1-7 are cancelled.

Claim 8 is rejected.

Claims 9-26 are cancelled.

The rejection of Claim 8 is appealed.

**IV. STATUS OF AMENDMENTS**

All prior amendments were entered. The claims included in the attached Claims Appendix reflect each of the prior amendments.

## V. SUMMARY OF CLAIMED SUBJECT MATTER

This summary sets forth exemplary reference characters and pages and line numbers in the specification where an embodiment of each separately argued claim is illustrated or described. The identification of reference characters and pages and line numbers does not constitute a representation that any claim element is limited to the embodiment illustrated at the reference character or described in the referenced portion of the specification.

Claim 8 recites a computerized method for identifying select ones of insurance records which possess a favorable subrogation potential. (*See, e.g., specification, pg. 3, ll. 18-21; pg. 4, ll. 11-13; Figs. 1 and 2*). The recited steps are employed using a computer (*See, e.g., specification pg. 4, ll. 16-18*).

The method of Claim 8 includes the step of: receiving data indicative of a plurality of claims. (*See, e.g., specification, pg. 8, ll. 1-5; pg. 9, ll. 3-4; Figs. 1 and 2*).

The method of Claim 8 further includes the step of: automatically calculating a base score to identify select ones of the claims which demonstrate at least a given probability of expected subrogation recovery dependent upon the received data. (*See, e.g., specification, pg. 8, ll. 5-9; pg. 9, ll. 4-5; Figs. 1 and 2*). The calculating a base score includes: calculating a likelihood a payment will be made by a legally liable party. (*See, e.g., specification, pg. 8, ll. 10-12; Figs. 1 and 2*). The calculating a base score includes: calculating a probable percentage of losses recovered through payments received from the legally liable party. (*See, e.g., specification, pg. 8, ll. 10-14; Figs. 1 and 2*). The calculating a base score includes: identifying at least one economic factor pertinent to the base score. (*See, e.g., specification, Table-1 (e.g., income level); pg. 19, ll. 1-7; Figs. 1 and 2*). The calculating a base score includes: calculating a first adjustment dependent upon the identified at least one economic factor. (*See, e.g., specification, pg. 8, ll. 10-15; Figs. 1 and 2*). The calculating a base score includes: identifying at least one collection efficiency or strategy pertinent to the base score. (*See, e.g., specification, Table-1 (e.g., number of collection agencies who have previously worked the account); pg. 19, ll. 1-7; Figs. 1 and 2*). And, the calculating a base score includes: calculating a second adjustment dependent upon the identified at least one collection efficiency or strategy. (*See, e.g., specification, pg. 8, ll. 10-15; Figs. 1 and 2*).

The method of Claim 8 further includes the step of: selecting claims on the basis of the base score which demonstrate at least a given probability of expected subrogation recovery dependent upon the received data. (*See, e.g., specification, pg. 5, ll. 8-10; Fig. 5*).

The method of Claim 8 further includes the step of: automatically identifying risk factors associated with the claim for each of the select claims. (*See, e.g., specification, pg. 8, ll. 15-17; Figs. 1 and 2*).

The method of Claim 8 further includes the step of: automatically scoring each of the select claims dependent upon the base scores and the identified risk factors to provide a value indicative of an expected subrogation recovery. (*See, e.g., specification, pg. 5, ll. 19-21; pg. 20, ll. 2-4; Figs. 1 and 2*).

Finally, the method of Claim 8 also includes the step of: outputting the resulting value. (*See, specification, pg. 6, ll. 2-9; Figs. 1 and 2*).



**VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL**

The Examiner has finally rejected Claim 8 as being unpatentable under 35 U.S.C. §103(a) over the John article ("Technology: Unlocking the Neural Network", John Mutch, Risk and Insurance, Jan. 1999) in view of the Leslie article ("High Tech Sleuths", Leslie Hann, Best's Review, Nov. 1998).

## VII. ARGUMENT

The recited method of Claim 8 is patentable over John in view of Leslie, at least by virtue that: (1) John and Leslie fail, in any combination, to teach or suggest each of the recited limitations of Claim 8; and/or (2) John and Leslie fail to place the public in possession of the invention recited by Claim 8.

**A. Claim 8 Is Directed To A Computerized Method For Identifying Claims That Possess A Favorable Subrogation Potential Using A Specific Methodology.**

Subrogation is the assumption by a third party (such as a second creditor or an insurance company) of another person's legal right to collect a debt or damage award. Insurance companies often pay out a claim to an insured, and then pursue the legally liable party to recoup the insurance company's costs and expenses. Whether an insurance company pursues the legally liable party (or retains an agent for such pursuit) often depends on whether the insurance company and/or agent believe the effort will be successful.

The inventive method of Claim 8 addresses this decision making through a computerized method that: (1) receives data indicative of a plurality of claims; (2) automatically calculates a base score to identify select ones of the claims which demonstrate at least a given probability of expected subrogation recovery dependent upon the received data; (3) selects claims on the basis of the base score which demonstrate at least a given probability of expected subrogation recovery dependent upon the received data; (4) automatically identifies risk factors associated with the claim for each of the select claims; (5) automatically scores each of the select claims dependent upon the base scores and the identified risk factors to provide a value indicative of an expected subrogation recovery; and (6) outputs the resulting value.

The step (2) base score calculating of Claim 8 is itself a multi-step process, that includes: (2a) calculating a likelihood a payment will be made by a legally liable party; (2b) calculating a probable percentage of losses recovered through payments received from the legally liable party; (2c) identifying at least one economic factor pertinent to the base score; (2d) calculating a first adjustment dependent upon the identified at least one economic factor; (2e) identifying at least one collection efficiency or strategy pertinent to the base score; and, (2f) calculating a second adjustment dependent upon the identified at least one collection efficiency or strategy.

**B. Standard For Unpatentability Pursuant to 35 U.S.C. 103(a)**

The Examiner bears the burden of establishing a *prima facie* case of obviousness based upon the prior art. *In re Piasecki*, 745 F.2d 1468, 1471-72, 223 USPQ 785, 787-88 (Fed. Cir. 1984). Appellant may traverse the Examiner's *prima facie* determination as improperly made out, and/or Appellant may present objective evidence tending to support a conclusion of nonobviousness. *In re Heldt*, 58 C.C.P.A. 701, 433 F.2d 808, 811, 167 USPQ 676, 678 (CCPA 1970).

Appellant traverses the Examiner's *prima facie* determination as being improperly made out, and has presented evidence supporting a conclusion of nonobviousness.

**C. A Prima Facie Case Of Obviousness Is Lacking**

To establish a *prima facie* case of obviousness under 35 U.S.C. 103(a), all of the recited claim limitations must be taught or suggested in the prior art. *See*, M.P.E.P. 706.020); *see also*, M.P.E.P. 2143.03 citing *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974) ("All words in a claim must be considered in judging the patentability of that claim against the prior art.") and *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970). John and Leslie, as applied in the appealed rejection, fail to teach or suggest each of the limitations of Claim 8 – such that a *prima facie* case of obviousness is lacking as a matter of law.

**1. John And Leslie Fail, In Any Combination, To Teach Or Suggest Outputting A Value Indicative Of An Expected Subrogation Recovery – As Is Recited By Claim 8.**

As is discussed at page 4, in lines 11-13 of the subject application, “[t]he present system and method preferably automatically scores a claim to determine a likelihood of subrogation potential, and then, the value of the claim recovery.” Consistently, Claim 8 recites in part:

automatically scoring each of the select claims  
dependent upon the base scores and said identified risk factors  
to provide a value indicative of an expected subrogation  
recovery; and  
outputting the resulting value;

With regard thereto, the appealed rejection acknowledges that John fails to disclose “automatically scoring each of the select claims dependently upon the base scores and identified risk factors to provide a value indicative of an expected subrogation recovery and

outputting the resulting value.” *See, 6/21/2005 Office action, pg. 3, ll. 5-10.* In an effort to remedy this admitted shortcoming of John, the appealed rejection then argues these features are known in the art, as evidenced by Leslie. *See, 6/21/2005 Office action, pg. 3, ll. 11-12.*

The appealed rejection asserts that, "Leslie suggests ... outputting the resulting value (The Examiner interprets "easily outstrip those in other lines of business" to be a form of outputting the resulting value (See Leslie, Page 3, Paragraphs 2-9)." to support its position. However, such an assertion is a clear misinterpretation of the term "outstrip", as used by Leslie, and "output", as used by Appellant. With regard to "outstripping", Leslie teaches:

**Saving Time-And Money**

In a 1996 study, Conning estimated that insurers lost \$19.4 billion to claims fraud in 1994 and \$163 billion over the previous 10 years. Fraudulent claims in workers' compensation "easily outstrip those in other lines of business," according to the report. It attributed 25% of workers' compensation losses, or \$5.66 billion, to fraud in 1994 and \$58.7 billion over the previous 10 years. (Emphasis added)

In contrast, the methodology of Claim 8 outputs a value indicative of an expected subrogation recovery. There can be no mistake that contrary to the position proffered in the appealed rejection, the mere statement that fraudulent claims in workers' compensation cases are a greater problem than those in other lines of business (*e.g.*, other insurance fields) fails to provide any teaching or suggestion of outputting any value what-so-ever – let alone outputting an automatically scored claim value indicative of an expected subrogation recovery, as is recited by Claim 8.

For at least this reason, the appealed 35 USC 103 rejection fails to teach or suggest each of the limitations of Claim 8, and hence fails to render it unpatentably obvious as a matter of law.

**2. John And Leslie Fail, In Any Combination, To Teach Or Suggest The Base Score Calculating Limitation Of Claim 8.**

As set forth above, the computerized method of Claim 8 automatically calculates a base score dependently upon data indicative of a plurality of claims. More specifically, Claim 8 recites, amongst other limitations,

receiving data indicative of a plurality of claims; [and]  
automatically calculating a base score to identify select  
ones of the claims which demonstrate at least a given  
probability of expected subrogation recovery dependent upon  
the received data.

As is also set forth above, the base score calculating of Claim 8 is itself a multi-step process. More specifically, Claim 8 recites, that the calculating a base score comprises: (1) calculating a likelihood a payment will be made by a legally liable party; (2) calculating a probable percentage of losses recovered through payments received from said legally liable party; (3) identifying at least one economic factor pertinent to said base score; (4) calculating a first adjustment dependent upon said identified at least one economic factor; (5) identifying at least one collection efficiency or strategy pertinent to said base score; and (6) calculating a second adjustment dependent upon said identified at least one collection efficiency or strategy.

The appealed rejection acknowledges John fails to teach or suggest calculating a base score at all - let alone methodology that includes each of enumerated limitations (1)-(6). *See, e.g., 6/21/5005 Office action incorporated into the Final Office action, pg. 3, l. 5 ("John does not explicitly disclose automatically calculating a base score.")*. In an effort to remedy this admitted shortcoming of John, the appealed rejection seeks to import select teachings of Leslie. *See, e.g., 6/21/5005 Office action incorporated into the Final Office action, pg. 3, l. 12 ("Leslie suggests automatically calculating a base score. "); p. 4, ll. 1-2 ("It would have been obvious to one of ordinary skill in the art at the time of invention to have included the features of Leslie within the system of John.")*. However, Leslie fails to remedy the shortcomings of John for at least the following reasons.

***John and Leslie fail, in any combination, to teach or suggest calculating a base score by, at least: (2a) calculating a likelihood a payment will be made by a legally liable party.***

The appealed rejection argues Leslie discloses calculating a base score, which comprises calculating a likelihood a payment will be made, at page 4, paragraphs 3-6. *6/21/5005 Office action incorporated into the Final Office action, pg. 5, l. 1-3*. This cited portion of Leslie is included in the "Turning Up The Heat" discussion thereof, which recites, in its entirety:

**Turning Up The Heat**

Barry Zalma, an insurance defense lawyer who has written books on fighting fraud, said he was in favor of any tools that improve the quality of referrals to investigators. But he is concerned that some insurers may view expert systems as a way to save costs by hiring fewer and less-experienced adjusters and investigators. Adjusters and fraud investigators rely on "checklists" for items or patterns that raise red flags, Zalma said, but those red flags are just as likely to apply to a

valid claim as a fraudulent one.

"If anybody believes that a red flag means there's fraud, they are going to get in deep trouble," Zalma said. "Red flags only mean you ought to investigate further."

Downs of HNC said use of the system might justify an increase in investigators "if you have more high-quality referrals and not enough people to work on them." He cited an Insurance Research Council report that determined the typical return on investment for a fraud investigator is 10 to 1.

For Workers' Compensation Fund of Utah, VeriComp is one tool in a broader fraud-fighting initiative, Short said. The company started its fraud department in 1993 by hiring a Salt Lake City police lieutenant, and now has six former police officers in the unit. The company has saved \$5 million a year in fraudulent claims, which is substantial to a company with \$114 million in net premiums written, Short said. In the past 3 1/2 years, 120 cases that were turned over to prosecutors resulted in convictions, Short said.

By turning up the heat on fraud including a TV advertising campaign publicizing the effort-claims for back injuries dropped 30%, he said.

All fraud-detection systems turn up false positives at some point, Downs said. In Utah, the system gave a high score to a case involving a paraplegic with very unusual medical activity, Downs said, but it was due to the nature of his injuries rather than fraud.

"The system gives the reasons the claim scored highly," Downs said, "and with a quick review, the adjuster can determine if it's for good reasons or if it needs to be investigated."

This cited passage of Leslie merely teaches that insurance claims can be scored as being potentially fraudulent (in some cases wrongly). Further, it teaches that adjusters and fraud investigators often rely on "check lists", and that hiring police officers as investigators can be effective in fighting fraud.

Applicant admits that Leslie may allude to scoring a claim as being potentially fraudulent. However, Leslie provides no teaching or suggestion as to the scoring method. Leslie does not teach or suggest "automatically calculating a base score" by, in part, "calculating a likelihood a payment will be made by a legally liable party" – as is recited by the computerized method of Claim 8.

In an effort to bolster the rejection, the October 19, 2006 Advisory Action argues that "Worker's Compensation Fund of Utah identify 50 fraudulent claims to be a form of legally liable party which correspond to Applicant claimed feature" with reference to paragraphs 2-3 on page 3 of Leslie.

As discussed in part above, these passages recite:

### Saving Time-And Money

In a 1996 study, Conning estimated that insurers lost \$19.4 billion in claims fraud in 1994 and \$163 billion over the previous 10 years. Fraudulent claims in workers' compensation "easily outstrip those in other lines of business," according to the report. It attributed 25% of workers' compensation losses, or \$5.66 billion, to fraud in 1994 and \$58.7 billion over the previous 10 years.

In six months, HNC's software helped Workers' Compensation Fund of Utah identify 50 fraudulent claims, saving \$500,000 on the first eight cases that were closed, said Bob Short, senior vice-president of the Salt lake City-based insurer.

These passages neither mention nor discuss subrogation. Instead, they discuss the problem of fraud and present little more than fraud detection "war stories". Further, even though Worker's Compensation Fund of Utah may identify fraudulent claims using some proprietary software, this does not teach or suggest, "calculating a likelihood a payment will be made" – as is recited by Claim 8.

In summary, the appealed rejection refers to disjointed portions of Leslie that merely discuss that claims may be scored as to the likelihood fraud is present and various fraud detection experiences. No teaching or suggestion of the Claim 8 limitation of calculating a base score by, at least: (2a) calculating a likelihood a payment will be made by a legally liable party is provided by the cited references.

***John and Leslie fail, in any combination, to teach or suggest calculating a base score by, at least: (2b) calculating a probable percentage of losses recovered through payments received from said legally liable party.***

Turning now to enumerated limitation (2b), the appealed rejection argues, "Leslie discloses the method wherein the calculating a base score further comprises calculating a probable percentage of losses recovered through payments received from said legally liable party" also at page 4, paragraphs 3-6. 6/21/5005 Office action incorporated into the Final Office action; pg. 5, l. 5-8. As is evident from the preceding reproduction of these passages of Leslie, this cited portion is devoid of any teaching or suggestion to calculate a probable percentage of losses recovered through payments received from said legally liable party as well.

In an effort to bolster the final rejection on this point, the advisory action refers to page 3, paragraphs 8-9 of Leslie. These paragraphs, recite, in their entirety:

By running weekly reports, Short said, his investigators have a better chance of finding potential abuses faster. When Workers' Compensation Fund of Utah was testing VeriComp, the system identified the fraud sooner than claims adjusters did 67% of the time, Downs said. The system found fraud an average of six months sooner, saving an average \$13,500 per claim, he said.

HNC is working with insurers to build other fraud detection systems using the same technology, Downs said. Reliance Insurance Group, Philadelphia, will test four modules in addition to one like the Utah company is using, he said. They are workers' comp employers premium fraud; automobile insurance fraud; and automobile and workers comp subrogation. Cigna's workers' comp unit is testing a module that scores claims on the probability of managed-care savings.

Thus, paragraph 8 simply reports results of an investigation and again amounts to little more than fraud detection "war stories". And, paragraph 9 speaks prophetically about four modules that "will be" tested, but provides no further teaching or suggestion to the skilled artisan.

While paragraph 9 may teach that one of these future modules is "automobile and workers comp subrogation", this does not teach or suggest calculating a probable percentage of losses recovered through payments. At most, in the context of Leslie, which primarily relates to fraud detection, this merely implies that some module of a proprietary software system that has not yet been tested may score a claim as to a likelihood of a subrogation right being available, (i.e., being detected).

Further, and as is discussed above, "[t]he present system and method preferably automatically scores a claim to determine a likelihood of subrogation potential, and then, the value of the claim recovery." *Specification, p. 4, ll. 11-13*. Consistently, Claim 8 recites in part, calculating a probable percentage of losses recovered through payments received from said legally liable party. This recited step is only one of several recited calculating steps of Claim 8 that eventually "[provides] a value indicative of an expected subrogation recovery". This is different than merely scoring a claim as to whether or not subrogation is likely available. John and Leslie simply do not teach the recited steps of present Claim 8.

Accordingly, Appellant submits Leslie fails to remedy the acknowledged shortcoming of John not teaching calculating a base score at all, no less calculating a base score by, at least: (2b) calculating a probable percentage of losses recovered through payments received from said legally liable party – as is recited by Claim 8.



***John and Leslie fail, in any combination, to teach or suggest calculating a base score by, at least: (2c) identifying at least one economic factor pertinent to said base score; and (2d) calculating a first adjustment dependent upon said identified at least one economic factor.***

Still further, with regard to enumerated limitations (2c) and (2d), the appealed rejection argues, "Leslie discloses the method wherein the calculating a base score further comprises, identifying at least one economic factor pertinent to said base score (Page 1, Paragraph 3); and, calculating a first adjustment dependently upon said identified at least one economic factor (Page 2, Paragraphs 4-7)." 6/21/5005 Office action incorporated into the Final Office action, pg. 5, 1. 5-8. For purposes of completeness, paragraphs 2-4 on page 1 of Leslie recite:

Powerful new software systems help insurance investigators uncover fraud more effectively.

In addition to their instincts and down-and-dirty investigative skills, insurance fraud fighters now have another set of tools to help them track down criminals: Powerful new software systems promise to dramatically improve their results.

Travelers Property & Casualty and Reliance Insurance Co. are among the insurers testing new systems to help them identify and investigate potentially fraudulent claims. "This is a huge leap forward to systematically look at the problem of fraud," said Gary Smith, director of fraud management for Travelers, Hartford, Conn.

A detailed reading of this passage does not even hint at the limitation (2c) identifying at least one economic factor pertinent to said base score – as is recited by Claim 8. Instead, paragraph 3 on page 1 of Leslie merely suggests that insurance fraud fighters have "powerful new software systems" to "track down criminals".

Further yet, paragraphs 2-8 on page 2 (and bridging to page 3) of Leslie recite:

When an auto claim came in with three digits of a seven-digit license plate number, Infoglides system identified the car as part of an organized ring, Smith said.

"Most individuals using it are not systems disciples; they type two fingers at a time," Smith said. "It thinks like an investigator does. That's what I found most attractive." If the Infoglides software passes the final Travelers' tests, which determine its effect on other parts of the company's systems, the insurer plans to use it across all lines. In workers' compensation, Smith said, he can run his claims against Social Security and death

records to identify people who died in the last month but are still receiving benefits.

"We can load third-party data, and that really just enhances our investigative capabilities," Smith said. "In the past, all of this information was available, but it was a manual process, and the systems spoke different languages. It's only very recently that programs have been written in a way that would allow them to cross boundaries."

Conning & Co., an asset management and insurance research firm based in Hartford, Conn., recently invested \$5.7 million in Infoglide. Insurance Services Office Inc., New York, is testing Infoglide's product as well as products developed by other vendors for use in the all claims database its developing, said ISO spokesman Christopher Guidette. ISO wants to integrate technology that will allow it to look across different lines of insurance to identify similarities in claims patterns and other common links in the data, he said.

Fraud investigators have been clamoring for an all-claims database for years. It ranked second in a 1992 survey by the Insurance Research Council that asked fraud investigators what they needed to increase their efficiency. Increased training and staffing ranked first.

ISO became the provider of the allclaims database after it acquired American Insurance Services Group last October and in February began managing the National Insurance Crime Bureau's claims and related databases. ISO has been "building bridges" to link the databases, which include bodily injury, workers' compensation, property and vehicle claims, Guidette said. By the middle of next year, the consolidated database, renamed ClaimSearch, will be "fully operational with all the bells and whistles," he said.

Policy Management Systems Corp., Columbia, S.C., is evaluating fraud-detection systems as part of a menu of expanded claims services, said Stephen Francis, vice president of product development for PMSC, which licenses claims systems to insurers and also processes claims as an outsource vendor.

Again these passages are completely devoid of any teachings with regard to: (2d) calculating a first adjustment dependent upon at least one economic factor pertinent to the base score. Instead, this cited portion of Leslie merely discusses the desirability of an "all claims" database, that presumably includes data from different lines of insurance that would enable a fraud investigator to identify similarities in claims patterns and other common links in the data. And, that ISO has been building bridges between the different claims databases to achieve this.

In summary, Leslie provides no teaching or suggestion to identify at least one economic factor pertinent to a base score. Leslie provides no teaching or suggestion to

calculate a first adjustment dependent upon the identified at least one economic factor. In short, the portions of Leslie cited in the appealed rejection as allegedly teaching (2c) identifying at least one economic factor pertinent to said base score; and (2d) calculating a first adjustment dependent upon said identified at least one economic factor; utterly fail to support the appealed rejection.

For purposes of completeness, in an effort to further bolster the rejection on this point, the October 19, 2006 Advisory action references paragraph 9 on page 3 with regard to (2c) identifying at least one economic factor pertinent to said base score. Again, this is without merit. As reproduced above, paragraph 9 on page 3 of Leslie recites:

HNC is working with insurers to build other fraud detection systems using the same technology, Downs said. Reliance Insurance Group, Philadelphia, will test four modules in addition to one like the Utah company is using, he said. They are workers' comp employers premium fraud; automobile insurance fraud; and automobile and workers comp subrogation. Cigna's workers' comp unit is testing a module that scores claims on the probability of managed-care savings.

Nowhere does this teach or suggest identifying any economic factor at all – no less an economic factor pertinent to a base score used to provide a value indicative of an expected subrogation recovery – as is recited by Claim 8.

Accordingly, Appellant submits Leslie fails to remedy the acknowledged shortcoming of John not teaching calculating a base score at all, no less calculating a base score by, at least: (2c) identifying at least one economic factor pertinent to said base score; and (2d) calculating a first adjustment dependent upon said identified at least one economic factor – as is recited by Claim 8.

***John and Leslie fail, in any combination, to teach or suggest calculating a base score by, at least: (2e) identifying at least one collection efficiency or strategy pertinent to said base score; and (2f) calculating a second adjustment dependent upon said identified at least one collection efficiency or strategy.***

Turning finally to enumerated limitations (2e) and (2f), the appealed rejection argues, "Leslie discloses the method wherein the calculating a base score further comprising: identifying at least one collection efficiency or strategy pertinent to said base score (Page 1, Paragraph 3); and, calculating a second adjustment dependently upon said identified at least

one collection efficiency or strategy (Page 2, Paragraphs 3-7). These are the same passages relied upon as purportedly teaching enumerated limitations (2c) and (2d). As is evident from the reproduction of these passages above, they are entirely devoid of any teaching or suggestion regarding collection efficiencies and adjustments there-regarding as well.

In an effort to bolster the rejection, the October 19, 2006 Advisory action then refers to paragraph 1 on page 4 of Leslie (with regard to (2e) identifying at least one collection efficiency or strategy pertinent to said base score), and paragraph 1 on page 2 of Leslie (with regard to (2f) calculating a second adjustment dependent upon said identified at least one collection efficiency or strategy).

These cited portions of Leslie, are also silent as to collection efficiencies. Again, Leslie deals primarily with fraud detection, and not valuing claims, no less providing a value indicative of an expected subrogation recovery. For purposes of completeness though, paragraph 1 on page 4 of Leslie recites:

Infoglide's product "is very good at identifying fraud rings," Francis said. "But, that's the downside too, because most fraud that occurs is on an individual basis." PMSC also is evaluating software that scores individual claims based on the likelihood that they are fraudulent. That software, offered by HNC Insurance Solutions, a business unit of HNC Software Inc., Irvine, Calif., is based on the same technology that HNC's parent company uses to detect credit card fraud.

-  
This passage is clearly devoid of any teachings regarding collection efficiencies and adjustments there-regarding. Nowhere does Leslie teach or suggest that collection efficiencies may be used to calculate an adjustment for a base score as part of providing a value indicative of an expected subrogation recovery – as is recited by Claim 8.

And, the first paragraph on page 2 of Leslie recites:

When an auto claim came in with three digits of a seven-digit license plate number, Infoglide's system identified the car as part of an organized ring, Smith said.

Whether or not the Infoglide technology can help identify a fraud ring based upon three digits of a seven-digit license plate number is of little moment to using collections efficiencies and adjustments to provide a value indicative of an expected subrogation recovery – as is recited by Claim 8.

Accordingly, Appellant submits Leslie fails to remedy the acknowledged shortcoming of John not teaching calculating a base score at all, no less calculating a base

score by, at least: (2e) identifying at least one collection efficiency or strategy pertinent to said base score; and (2f) calculating a second adjustment dependent upon said identified at least one collection efficiency or strategy – as is recited by Claim 8.

**3. John And Leslie Fail To Place The Public In Possession Of The Invention Recited By Claim 8.**

The John and Leslie articles fail to enable the computerized method of Claim 8.

At the outset, Appellant notes that the issue of enablement of the claimed invention by John and Leslie was raised in its response to the June 21, 2005 Office action. *See, e.g., 5/31/2006 Office action, pg. 3, section A(a) (“[Applicant argues] John and Leslie fail, in any combination, to satisfy the enablement requirement, and hence fail to qualify as effective prior art for purposes of the claimed invention.”)*. In response thereto, the appealed rejection merely argues, “Examiner respectfully submitted that John and Leslie prior art have been properly combined due to the fact that their filing date have been considered before Applicant’s claimed invention and also there have been well applied concerning Applicant’s claimed feature [sic].” *See, 5/13/2006 Office action, pg. 4, section (B). Such an analysis is deficient and inconsistent with the applicable principles of law.* As discussed in *In re Donohue*, in order to be effective prior art, a disclosure:

must sufficiently describe the claimed invention to have placed the public in possession of it. Such possession is effected if one of ordinary skill in the art could have combined the publication's description of the invention with his own knowledge to make the claimed invention. **Accordingly, even if the claimed invention is disclosed in a printed publication, that disclosure will not suffice as prior art if it is not enabling.** 766 F.2d 531, 226 USPQ 619 (Fed. Cir. 1985), as cited by *Elan Pharmaceuticals v. Mayo Foundation*, (Fed. Cir) (2003) (emphasis added).

In other words, the appealed rejection of Claim 8 argues that merely because John and Leslie were published prior to Applicant’s filing date, and the Examiner has applied them to Claim 8, these articles are effective prior art for purposes of rendering Claim 8 unpatentable. However, it is well established that publication alone is not sufficient to qualify John and Leslie as “prior art”, unless the John and Leslie disclosures give possession of the computerized method of Claim 8 to a person of ordinary skill in the art. *See, e.g., In re Borst, 345 F.2d 851, 855, 145 USPQ 554, 557 (CCPA 1962).* Accordingly, the appealed

rejection of Claim 8 fails to apply the proper standard of unpatentability – instead glossing over the issue of prior art enablement in an impermissible manner to avoid the obvious defects of John and Leslie.

More particularly, to serve as effective prior art references and render Claim 8 unpatentable, John and Leslie must enable the subject matter it is asserted to teach. *See, Amgen, Inc. v. Hoechst Marion Roussel, Inc.*, 314 F.3d 1313, 1354, 65 USPQ2d 1385, 1416 (Fed. Cir. 2003) ("*A claimed invention cannot be anticipated by a prior art reference if the allegedly anticipatory disclosures cited as prior art are not enabled.*"). Put another way, in order to render Claim 8 unpatentable, John and Leslie must enable one of skill in the art to make and use the computerized method of Claim 8 – including each one of the recited steps. *See Bristol-Myers Squibb v. Ben Venue Laboratories, Inc.*, 246 F.3d 1368, 1374, 58 USPQ2d 1508, 1512 (Fed. Cir. 2001) ("*To anticipate the reference must also enable one of skill in the art to make and use the claimed invention.*"); *PPG Industries, Inc. v. Guardian Industries Corp.*, 75 F.3d 1,558, 1,566, 37 USPQ2d 1618, 1624 (Fed. Cir. 1996) ("*To anticipate a claim, a reference must disclose every element of the challenged claim and enable one skilled in the art to make the anticipating subject matter.*").

Even a cursory review of John and Leslie reveals that these non-technical articles fail, in any combination, to enable one of ordinary skill in the art to make and use a computerized method for identifying select ones of insurance records which possess a favorable subrogation potential at all – no less such a computerized method that incorporates the particular methodology and steps of Claim 8.

Turning first to John, a detailed review shows it is totally devoid of technical teachings. Instead, John merely presents a generalized discussion of efforts to develop software systems. John fails to enable one possessing an ordinary skill in the art to make or use any of the systems identified in John and asserted to be under “testing” or “development” -- no less the specified steps of the computerized method of Claim 8. For example, while the cited portions of John may suggest that predictive software solutions to determine the potential for subrogation on medical, auto, and other types of claims could be developed, it does not teach a skilled artisan how to actually make or use any such system. There is no discussion as to what processes may be used to achieve such desires, no flow diagrams, software programs, implementation guidelines, algorithms, functional blocks, or any other mechanism by which one of ordinary skill in the art, upon reading John, would be able to practice the computerized method of Claim 8.

Thus, contrary to the assertions of the appealed rejection of Claim 8 (*see, e.g., 6/21/2005 Office action, p. 5, ll. 1-4*), John fails to teach a computerized method for identifying select ones of insurance records which possess a favorable subrogation potential, but rather merely indicates that predictive software solutions to determine the potential for subrogation could somehow be developed.

The teachings of Leslie fail to remedy this deficiency of John. Like John, Leslie is devoid of technical teachings, instead merely summarizing what different companies purportedly are developing and plan to develop. Like John, Leslie fails to teach a skilled artisan how to make and use any of the systems discussed therein -- no less the detailed methodology and particular steps of the computerized method of Claim 8.

The relied upon portions of Leslie merely teach that neural network modeling used to detect credit-card fraud could somehow be used to score open claims based upon undesignated factors. Leslie further alleges that analogous workers' comp fraud, automobile insurance fraud and automobile and workers' comp subrogation modules are being tested. However, this fails to teach a skilled artisan how to make or use any such system -- and certainly fails to teach a skilled artisan how to make or use the complex methodology and detailed steps of the computerized method of Claim 8.

Further, it should be noted that with respect to scoring, the Leslie article merely teaches that software "scores all open claims weekly based on 62 factors", alerts adjusters to claims that score 500 or more, and refers claims that score 800 or more to investigators as potentially fraudulent. The Leslie article provides no guidance whatsoever with regard to calculating base scores, identifying risk factors, and scoring each of the select claims dependently upon the base scores and identified risk factors to provide a value indicative of an expected subrogation recovery.

By way of further evidence, Applicant submitted a Declaration of Donald R. Pierce, a copy of which is attached hereto. Mr. Pierce received his Bachelors degree in Accounting from the University of Connecticut. Mr. Pierce currently works for the assignee of the subject application, The Hartford Fire Insurance Company. Mr. Pierce has 18 years of experience in developing insurance related computer systems and methods.

This Declaration states that upon information and belief, the assignee of the subject application has expended in excess of six million dollars (\$6,000,000), over the course of thirteen (13) years to develop a system according to the subject application. This Declaration

also states that Mr. Pierce has studied the John and Leslie articles, and that in his opinion these articles fail to present any meaningful guidance whatsoever with regard to how to make and use a system and method according to the subject application. Finally, the Declaration supports that Mr. Pierce has read and understands Claim 8, and that in Mr. Pierce's opinion, John and Leslie fail, in any combination, to give possession of the computerized method of Claim 8 to one possessing an ordinary skill in the insurance computer system design and/or programming arts.

With regard to Mr. Pierce's Declaration, Applicant notes that contrary to the assertions of paragraph (G) of the May 31, 2006 Office action, this declaration indeed refers to the claimed invention. *See, e.g., par. 7.*

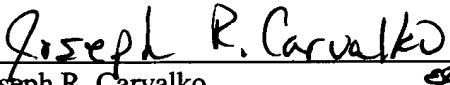
Accordingly, Applicant respectfully requests reversal of the appealed rejection of Claim 8, at least by virtue that the John and Leslie articles fail, in any combination, to place the public in possession of the computerized method of Claim 8.

#### **VIII. CONCLUSION**

Reversal of the 35 USC 103(a) rejection of Claim 8 is therefore requested, at least by reason that: (1) the John article ("Technology: Unlocking the Neural Network", John Mutch, Risk and Insurance, Jan. 1999) and the Leslie article ("High Tech Sleuths", Leslie Hann, Best's Review, Nov. 1998) as asserted in the appealed rejection fail, in any combination, to teach or suggest, each of the limitations of the computerized method of Claim 8; and/or (2) the John and Leslie articles fail, in any combination, to place the public in possession of the computerized method of Claim 8

Respectfully submitted,

By:

  
Joseph R. Carvalko  
Registration No. 29,779  
(215) 542-5824



**CLAIMS APPENDIX**

8. A computerized method for identifying select ones of insurance records which possess a favorable subrogation potential, the method comprising the steps of:
- receiving data indicative of a plurality of claims;
  - automatically calculating a base score to identify select ones of the claims which demonstrate at least a given probability of expected subrogation recovery dependent upon the received data, wherein calculating a base score comprises:
    - calculating a likelihood a payment will be made by a legally liable party;
    - calculating a probable percentage of losses recovered through payments received from said legally liable party;
    - identifying at least one economic factor pertinent to said base score;
    - calculating a first adjustment dependent upon said identified at least one economic factor;
    - identifying at least one collection efficiency or strategy pertinent to said base score; and,
    - calculating a second adjustment dependent upon said identified at least one collection efficiency or strategy;
  - selecting claims on the basis of the base score which demonstrate at least a given probability of expected subrogation recovery dependent upon the received data;
  - automatically identifying risk factors associated with the claim for each of the select claims;
  - automatically scoring each of the select claims dependent upon the base scores and said identified risk factors to provide a value indicative of an expected subrogation recovery; and
  - outputting the resulting value;
- wherein, the steps are employed using a computer.

**EVIDENCE APPENDIX**

A copy of Declaration of Donald Pierce submitted pursuant to 37 C.F.R. § 1.131 follows.

The Examiner explicitly considered the Declaration on pages 2, and 6-7 of Final Office Action dated May 31, 2006.

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

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|  |   |                         |
|--|---|-------------------------|
| In Re Patent Application of  | : |                         |
| Marcia Rojewski  | : | Group Art Unit: 3626    |
| Serial No. 09/676,391  | : | Atty. Dkt: HARTFORD-3   |
| Filing Date: 09/29/2000  | : | Examiner: Frenel, Vanel |
| For: AN IMPROVED METHOD AND SYSTEM FOR IDENTIFYING<br>SUBROGATION POTENTIAL AND VALUING A SUBROGATION FILE | : |                         |

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Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

**DECLARATION OF DONALD R. PIERCE**

Dear Sir(s):

I, Donald R. Pierce, being of legal age, do hereby declare that:

1. I received my Bachelors degree in Accounting from University of Connecticut. I am currently working as a Product Manager for Trumbull Services – A division of Hartford. I have 18 years of experience relating to developing insurance company related computer systems and methods.
  2. I have read and understand United States Patent Application Serial No. 09/676,391, including the claims thereof. This patent application teaches a method and system for identifying subrogation potential and valuing a subrogation file, in addition to a computerized method for identifying select ones of insurance records that possess a favorable subrogation potential.
  3. Upon information and belief, The Hartford Fire Insurance Company has expended in excess of \$6,000,000, over the course of 13 years in developing a system according to United States Patent Application Serial No. 09/676,391.
-

4. I have read and understand a printout of an electronic copy of the article entitled "Technology: Unlocking the Neural Network", that purports to be authored by John Mutch, and appear in Risk and Insurance, in Jan. 1999.
5. I have read and understand a printout of an electronic copy of the article entitled "High Tech Sleuths" that purports to be authored by Leslie Hann, and appear in Best's Review, in Nov. 1998.
6. In my opinion, these articles fail, in any combination, to present any meaningful guidance what-so-ever with regard to how to make and use a system and method according to the teachings of United States Patent Application Serial No. 09/676,391.
7. In my opinion, these articles fail, in any combination, to give possession of any of the inventions claimed in United States Patent Application Serial No. 09/676,391.
8. All statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

  
Donald R. Pierce

Dated October 19, 2005.

**RELATED PROCEEDINGS APPENDIX**

None.

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| <i>PPG Industries, Inc. v. Guardian Industries Corp.</i> , 75 F.3d 1558, 1566 (Fed. Cir. 1996)..            | 21 |

**LIST OF REFERENCES APPENDIX****PATENTS**

| <b><u>U.S. Pat. No.</u></b> | <b><u>Issued Date</u></b> | <b><u>102(e) Date</u></b> | <b><u>Inventors</u></b> |
|-----------------------------|---------------------------|---------------------------|-------------------------|
| 6,035,037                   | 03/07/2000                | 01/30/1997                | Chaney                  |

**NON- PATENT REFERENCES**

“How to Share a Secret” appearing in Communications of the ACM, Volume 22, pages 612-613 (1979) by Adi Shamir

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